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The Conference Board

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International Economic Scoreboard™

INSIDE:

- **Global Business Cycle Unexciting**
- **Not So Japan, Still Worrisome**
- **Canada Sub-Par, Germany Doubtful**
- **Inflation Not Threatening**

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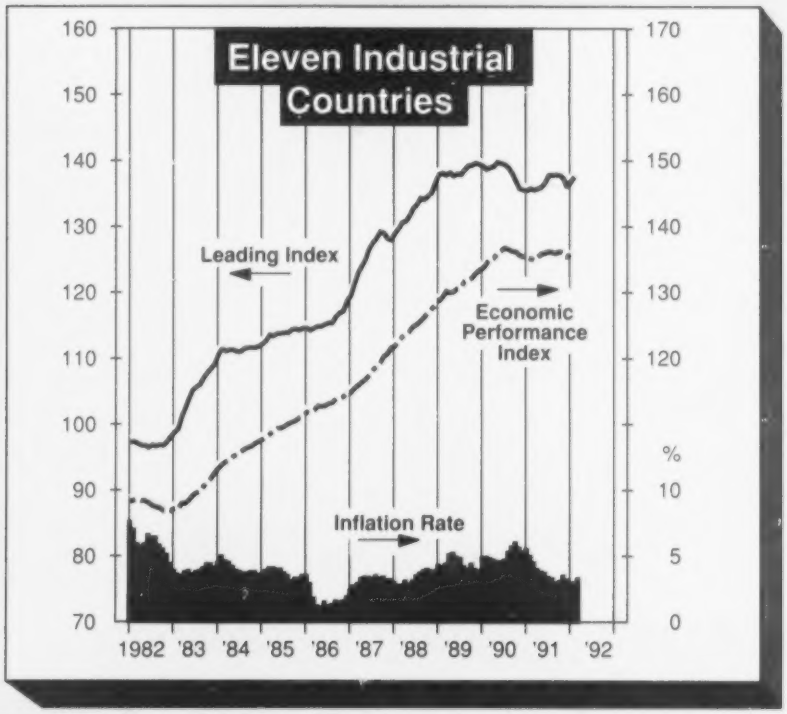
World Business Cycle



Summary of Growth Rates, Eleven Industrial Countries

	Ten-year Growth Rate 1976-86	Indexes of Economic Performance Growth Rates *			Leading Business Cycle Indexes Growth Rates *			Current Reading on the Cycle	Latest Month Covered
		6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
Eleven countries	3	0	0	1	2	1	1	Recovery stalled, leaders weak	Feb.
Ten countries (U.S. excl.)	3	2	1	2	-1	-3	-2	Expansion slowing, leaders weak	Feb.
North America (2)	3	-2	-1	-1	5	6	5	Recovery underway	Feb.
Europe (4)	2	1	1	2	2	0	2	Expansion resuming	Feb.
Pacific Region (5)	4	4	2	2	-5	-6	-6	Expansion continuing, leaders weak	Feb.
United States	3	-1	-1	-1	6	4	4	Recovery underway	Mar.
Canada	3	-2	0	-1	1	-3	-1	Recovery stalled, leaders weak	Feb.
West Germany	2	1	0	1	2	-1	1	Expansion slowing, leaders weak	Feb.
France	2	4	4	3	6	1	3	Expansion continuing	Jan./Feb.
United Kingdom	2	-4	-2	0	2	0	2	Recession stopping	Feb.
Italy	2	2	2	-1	2	0	1	Expansion stopped, leaders weak	Jan.
Japan	4	4	3	2	-7	-9	-8	Expansion slowing, leaders weak	Feb.
Korea, R.O.K.	7	6	3	3	8	7	6	Expansion continuing	Mar.
Australia	3	-6	-4	-1	1	1	4	Recession continuing, leaders improving	Mar.
New Zealand	2	-2	-1	0	3	5	7	Recession continuing, leaders improving	Dec./Mar.
Taiwan, R.O.C.	8	6	4	5	8	6	7	Expansion continuing	Mar.

* Ratio of current month's index over the preceding 12 month average, expressed as a compound annual rate.

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Overview

Unexciting Uptilt

The global business cycle remains unexciting. Both indexes are flat for the 11-country composite, although each shows a very slight upward tilt. The most encouraging dimension of this month's report is the continued improvement in breadth. This month, the leading indexes of nine countries are advancing. The two exceptions are Canada and Japan (next page). Canada's weakness is minimal but the Japanese leading index still looks sour.

West Germany's numbers look a little bit better this month (page 5) and the gradual upswing in the U.S. leaders also seems to be firmly established. Also, in the United Kingdom, Australia and New Zealand, the leading indexes now have a slightly more encouraging look. In the aggregate, however, the world economy is moving very slowly.

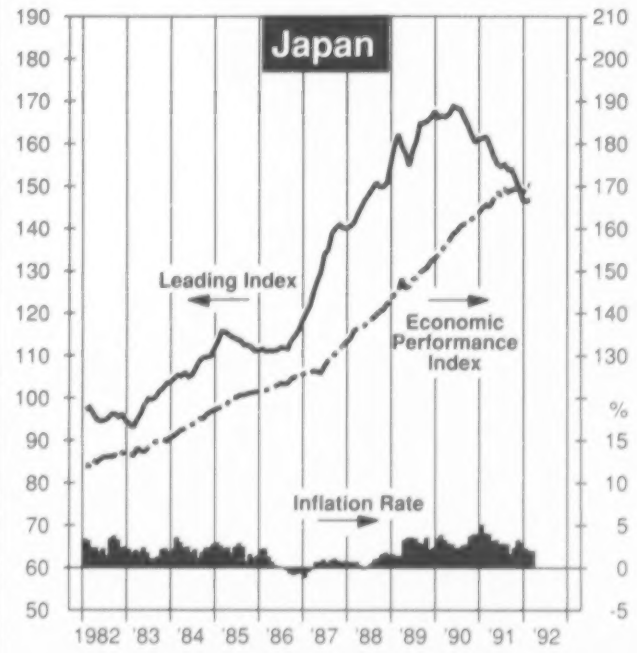
The 11-country inflation rate appears to be holding steady. The pattern had been slowing since the autumn of 1990, but may now be near or perhaps past its low point. At 3.4 percent, however, the rate seems unthreatening.

Summary of Inflation Rates, Eleven Industrial Countries

	Ten-year Inflation Rate 1979-89	*6 mos.* ago*	*3 mos.* ago*	*Latest* month*	*Current Reading on Inflation*	*Latest Month Covered*
		annual rates, percent				
Eleven countries	5.3	3.1	3.3	3.4	Steady	Mar.
Ten countries (U.S. excl.)	5.2	3.3	3.7	3.3	Falling	Mar.
North America (2)	5.6	3.0	3.0	3.3	Steady	Mar.
Europe (4)	6.6	4.3	4.6	4.4	Steady	Mar.
Pacific Region (5)	3.4	1.9	3.1	2.4	Volatile	Mar.
United States	5.5	2.9	2.7	3.3	Rising	Apr.
Canada	6.5	3.8	1.5	1.3	Low and Falling	Mar.
West Germany	2.9	4.6	4.4	4.3	Steady	Mar.
France	7.3	2.6	3.4	3.5	Rising	Mar.
United Kingdom	7.3	4.0	4.7	4.3	Volatile	Mar.
Italy	11.2	5.6	6.1	5.1	Falling	Apr.
Japan	2.5	1.5	2.8	1.9	Low but Volatile	Mar.
Korea, R.O.K.	8.1	9.1	7.9	7.7	Falling	Mar.
Australia	8.4	1.8	2.0	1.9	Low and Steady	Feb.
New Zealand	11.8	1.4	0.2	1.1	Low but Volatile	Feb.
Taiwan, R.O.C.	4.4	0.7	5.0	5.2	Rising	Mar.

* Ratio of current month's index over the preceding 12 month average, expressed as a compound annual rate.

Countries

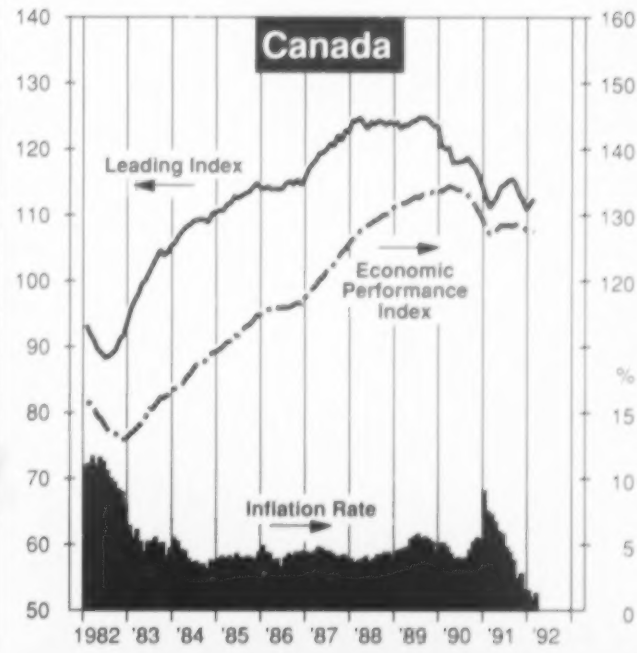


Still Sour

Japan's business cycle outlook is by far the most worrisome in the industrial world. This is true despite the continued slow advance in the performance index (which is in line with past experience during Japanese "recessions"), and despite the leveling off of the leading index in the latest two months. Nevertheless, the leaders still look very weak, especially stock prices, overtime hours, business failures and profit margins. The leading index has plunged 13 percent since its peak almost two years ago.

The Japanese government is also concerned. Accordingly, it is providing a little fiscal and monetary stimulus to the economy in the form of a cut in the central bank's discount rate on April 1 and a modest addition to public-works spending for the coming fiscal year.

At less than a 2 percent rate, inflation remains very well controlled.

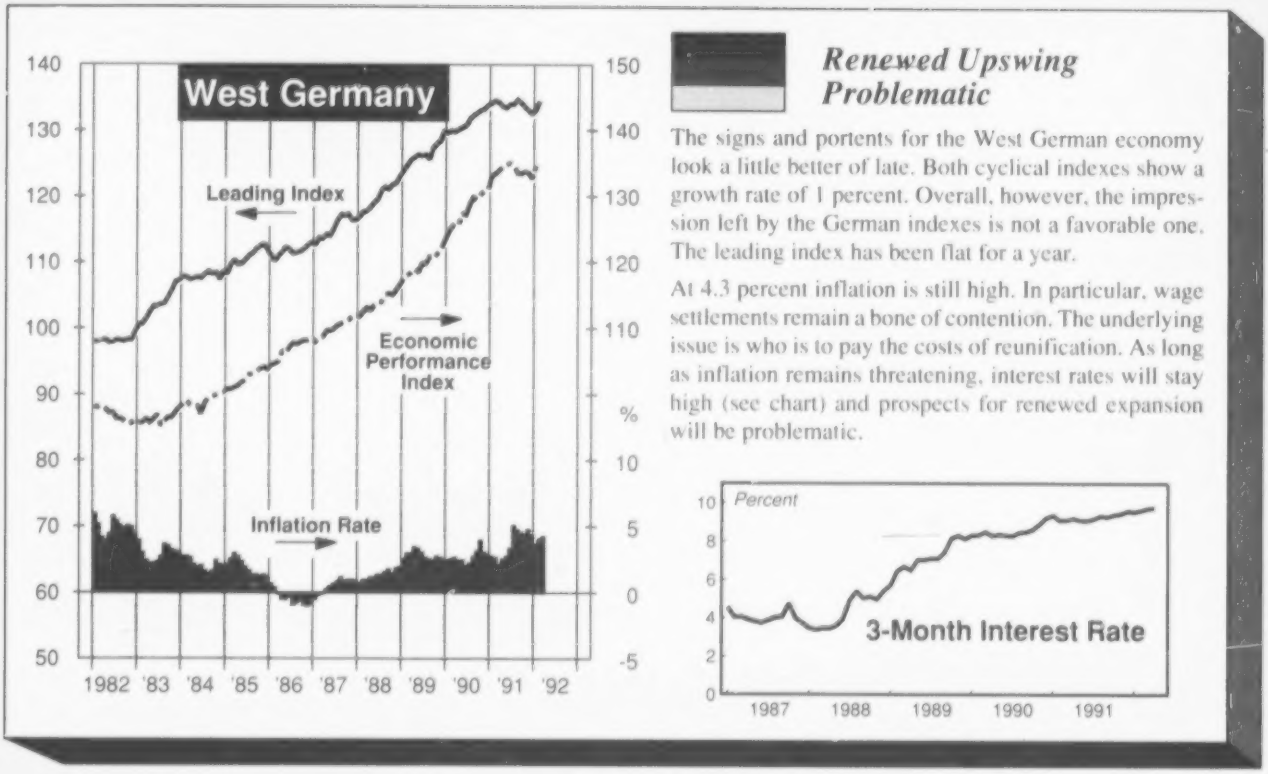


Disappointing Pattern

The Canadian economy continues to be disappointing, especially with the United States economy next door improving gradually. The Canadian performance index shows a slight downward tendency in recent months. Unemployment now exceeds 11 percent.

The leading index edged up in the latest month but, since it is only one percent above its low of February 1991, the overall pattern of the series does not build confidence. The Conference Board of Canada and other forecasters have been reducing their projections for recovery in 1992.

The inflation picture is very favorable. At 1.3 percent, the Canadian rate is the second lowest among the 11 countries. (New Zealand, at 1.1 percent, has the lowest rate.)



Renewed Upswing Problematic

The signs and portents for the West German economy look a little better of late. Both cyclical indexes show a growth rate of 1 percent. Overall, however, the impression left by the German indexes is not a favorable one. The leading index has been flat for a year.

At 4.3 percent inflation is still high. In particular, wage settlements remain a bone of contention. The underlying issue is who is to pay the costs of reunification. As long as inflation remains threatening, interest rates will stay high (see chart) and prospects for renewed expansion will be problematic.

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

This publication is designed to help readers monitor the ups and downs of the business cycle around the world. To this end, three statistical series are shown for each country. One is the inflation rate, calculated from the consumer price index compiled by the official statistical agency. The other two are cyclical indexes—an index of economic performance and a leading index. All of the cyclical indexes are based on 1980=100. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they define the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too — typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see Phillip A. Klein and Geoffrey H. Moore, *Monitoring Growth Cycles in Market-Oriented Countries*, Ballinger Publishing Co. 1985.) Considerable variation in the length of the lead is to be expected, however. Constant monitoring is needed to make effective use of the system and to get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes were developed by Geoffrey H. Moore and Phillip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Department of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned. Growth rates are shown in the first column of the table on page 2.

For more information:

For more about this indicator system and the availability of detailed data for each country please address inquiries to: Center for International Business Cycle Research, Columbia Business School, New York, NY 10027 - Telephone: 212-280-2916.

INDEXES, WORLDWIDE AND BY REGION, 1990-92

		11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
		Indexes, 1980=100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	90	137	138	144	138	126	135	133	125	164	162
Nov.	90	136	136	144	138	125	133	133	125	164	162
Dec.	90	136	136	144	138	124	133	133	125	165	162
Jan.	91	136	136	145	138	123	132	134	125	166	162
Feb.	91	136	136	145	138	122	132	134	126	167	162
Mar.	91	136	136	145	138	122	132	134	126	166	161
Apr.	91	136	136	146	137	122	133	134	126	168	159
May	91	137	137	146	137	122	134	134	126	169	158
June	91	137	137	147	137	122	136	135	127	169	157
July	91	137	138	147	138	122	138	135	127	170	158
Aug.	91	137	138	147	137	122	138	134	127	170	157
Sept.	91	137	139	147	137	122	139	134	127	170	157
Oct.	91	137	138	147	136	122	140	135	127	170	156
Nov.	91	137	138	147	135	122	140	135	126	170	154
Dec.	91	136	137	146	134	122	138	134	126	169	151
Jan.	92	137	138	148	135	121	139	135	126	172	152
Feb.	92	137	138	148	136	122	140	136	128	171	152

	11 Countries		10 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (5)	
	Growth Rates, Percent									
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct. 90	2	-3	4	-2	-2	-4	4	1	5	-5
Nov. 90	0	-4	3	-3	-4	-6	4	0	4	-6
Dec. 90	0	-4	3	-3	-5	-6	3	0	4	-5
Jan. 91	0	-4	4	-2	-7	-6	4	0	5	-4
Feb. 91	-1	-3	3	-2	-7	-5	2	0	5	-3
Mar. 91	-1	-3	2	-2	-7	-5	2	1	4	-4
Apr. 91	-1	-2	2	-2	-6	-3	2	2	4	-6
May 91	0	-2	3	-2	-5	-1	2	1	5	-7
June 91	0	0	2	-2	-4	2	2	2	4	-6
July 91	1	2	3	-1	-3	4	2	2	4	-5
Aug. 91	0	2	2	-1	-2	5	1	2	4	-5
Sept. 91	0	2	2	-1	-1	6	0	1	3	-4
Oct. 91	1	2	2	-2	-1	7	1	1	3	-5
Nov. 91	0	1	1	-3	-1	6	1	0	2	-6
Dec. 91	0	-1	0	-4	-1	4	0	-1	1	-8
Jan. 92	0	0	2	-3	-1	4	1	0	3	-7
Feb. 92	1	1	2	-2	-1	5	2	2	2	-6
	Ten Year Annual Growth Rate, Percent									
	3	3	3	3	3	3	2	2	4	4

INDEXES, ELEVEN COUNTRIES, 1990-92

		United States		Canada		West Germany		France		United Kingdom		Italy		Japan		Korea, R.O.K.		Australia		New Zealand		Taiwan, R.O.C.	
		Indexes, 1980=100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	90	126	137	132	118	130	133	150	130	128	116	121	115	163	163	237	223	143	123	113	114	195	230
Nov.	90	124	135	131	116	130	133	149	130	127	115	121	114	164	161	239	233	141	124	113	114	194	236
Dec.	90	124	134	130	115	131	134	149	129	126	115	121	114	164	162	242	232	141	122	113	113	194	236
Jan.	91	122	134	128	113	133	134	150	130	126	114	122	114	166	162	248	236	142	122	113	113	196	239
Feb.	91	122	134	128	112	133	134	150	131	125	114	121	115	166	162	249	229	140	122	112	112	200	240
Mar.	91	121	134	128	112	134	134	150	132	125	115	122	115	166	160	250	232	138	122	112	112	199	243
Apr.	91	121	135	128	113	134	133	151	133	124	115	121	116	168	158	256	236	135	122	112	112	199	246
May	91	122	136	129	115	134	133	151	133	123	116	122	116	169	156	254	238	136	123	112	112	201	249
June	91	122	138	129	115	135	134	152	135	124	115	122	116	169	156	252	231	136	123	112	112	202	252
July	91	122	140	129	116	134	134	153	136	123	116	122	116	170	156	254	241	134	124	112	113	202	249
Aug.	91	122	140	129	116	133	134	153	136	123	115	122	115	170	155	257	243	137	124	111	114	203	251
Sept.	91	122	141	129	115	133	134	153	135	122	115	122	115	170	155	256	242	134	123	112	115	204	252
Oct.	91	122	142	129	114	133	133	154	135	123	115	123	115	170	152	258	252	135	124	113	116	205	254
Nov.	91	121	142	129	113	133	133	154	134	123	115	123	115	170	150	257	246	133	123	113	116	204	255
Dec.	91	121	141	128	111	132	132	154	133	123	115	121	115	169	148	257	239	134	123	112	116	205	255
Jan.	92	121	142	128	112	134	133	154	134	123	116	121	116	171	147	264	246	138	125		118	210	260
Feb.	92	121	143	128	113	135	134		136	123	116			171	148	262	246	135	125		117	208	260
Mar.	92	121	142													260	242	134	126		119	209	262
		Growth Rates, Percent																					
Oct.	90	-2	-4	-3	-4	7	4	6	0	0	-2	3	-3	7	-5	4	-2	-7	-5	1	-3	2	-5
Nov.	90	-4	-6	-4	-5	6	4	5	0	-1	-4	2	-4	6	-7	4	6	-9	-3	0	-4	1	0
Dec.	90	-5	-6	-5	-7	6	4	4	-1	-2	-4	3	-3	6	-6	6	4	-8	-4	0	-4	0	0
Jan.	91	-6	-6	-7	-8	7	4	5	0	-3	-4	3	-3	7	-5	10	7	-7	-4	-1	-4	3	2
Feb.	91	-7	-5	-7	-10	7	4	3	1	-4	-4	2	-2	6	-4	9	0	-8	-3	-1	-4	6	3
Mar.	91	-7	-5	-6	-7	6	3	3	2	-4	-2	3	-1	5	-6	8	2	-10	-3	-1	-4	4	6
Apr.	91	-6	-3	-5	-5	6	2	3	4	-5	-2	0	1	6	-8	12	6	-12	-2	-1	-3	5	8
May	91	-5	-1	-3	-2	6	1	3	4	-5	-1	2	1	7	-9	9	6	-10	0	-1	-3	6	10
June	91	-4	2	-3	-1	5	1	3	6	-4	-1	2	1	5	-8	6	0	-7	0	-2	-2	6	12
July	91	-3	5	-2	0	4	1	4	6	-4	1	2	2	6	-7	7	8	-8	1	-2	0	5	8
Aug.	91	-2	6	-2	1	1	2	4	6	-4	0	2	0	4	-7	8	8	-4	1	-2	1	5	9
Sept.	91	-1	6	-1	0	1	1	3	5	-4	-1	0	0	4	-6	6	7	-6	1	-1	3	6	8
Oct.	91	-1	7	0	-2	1	-1	4	4	-3	0	2	0	4	-7	6	14	-4	1	1	5	6	6
Nov.	91	-1	7	0	-3	0	-1	3	1	-2	0	2	0	3	-9	4	7	-6	0	1	6	4	6
Dec.	91	-1	4	-1	-4	-1	-2	2	0	-2	-1	-2	0	1	-11	3	1	-4	1	0	5	4	6
Jan.	92	-1	5	-1	-2	1	-1	3	1	-1	1	-1	1	3	-10	8	6	2	4		7	8	8
Feb.	92	-1	5	-1	-1	1	1		3	0	2			2	-8	5	5	-1	3		5	5	7
Mar.	92	-1	4													3	1	-1	4		7	5	7
		Ten Year Annual Growth Rate, Percent																					
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	7	7	3	3	2	2	8	8